

from the office of: Donna L. Ornstein  
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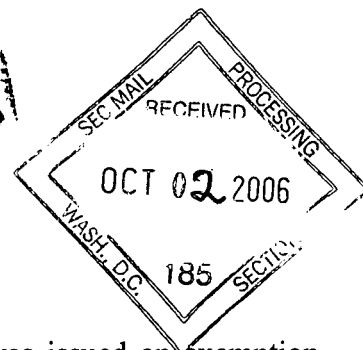
September 25, 2006



file number: 50277-00001

Office of International Corporate Finance  
c/o Securities and Exchange Commission  
450 - 5th Street N.W.  
Washington, D.C. USA 20549

SUPPL



Dear Sirs:

**Re: GGL Diamond Corp. - Exemption No. 82 - 1209**

We are solicitors for GGL Diamond Corp. (the "Company") which was issued an exemption pursuant to Rule 12(g)3-2(b) under the United States Securities Exchange Act of 1934. We enclose the following for filing with you:

1. Index to the documents enclosed; and
2. copies of the documents listed on the Index in the same order with the exemption number noted thereon.

If you have any further requirements, please let us know.

Yours truly,

DAVIS & COMPANY LLP

Per:

Donna L. Ornstein  
Paralegal

DLO/js

PROCESSED

OCT 04 2006

THOMSON  
FINANCIAL

September 25, 2006

**GGL DIAMOND CORP.**  
**(the "Company")**

**Index**

1. **Material filed with the British Columbia Registrar of Companies as required by the Business Corporations Act (British Columbia) and regulations thereunder ("BC") and with the Registrar of Corporations as required to maintain the Company's extra-provincial registration in the Northwest Territories under the Business Corporations Act and regulations thereunder ("NWT")**
- 

Document Name or Information	Documents Filed
(a) Incorporation Documents	
(i) BC	Not Applicable
(b) Extra-provincial Registration	
(i) NWT	Not Applicable
(c) Annual Reports	
(i) BC	Not Applicable
(ii) NWT	June 6, 2006
(d) Notices Filed with Registrar of Companies	
(i) BC	Not Applicable
(ii) NWT	Not Applicable
(e) Special Resolution	
(i) BC	Not Applicable
(ii) NWT	Not Applicable

2. **Materials filed with the Securities Commissions of British Columbia and Alberta (the "Securities Commissions") under the Securities Act (British Columbia) and the Securities Act (Alberta), the regulations under such acts, National Instrument 51-102, Continuous Disclosure Obligations ("NI 51-102"), Multilateral Instrument 54-101, Shareholder Communications ("MI 54-101") and Multilateral Instrument 45-102, Resale of Securities ("MI 45-102")**

<b>Document Name or Information</b>	<b>Documents Filed</b>
(a) Annual Report (including annual audited financial statements and auditors' report thereon and Management's Discussion and Analysis	Not Applicable
(b) Annual Information Form (not mandatory)	Not Applicable
(c) Quarterly Interim Financial Statements and Management's Discussion and Analysis	Unaudited financial statements for the 6 months ended May 31, 2006 and MD&A
(d) News Releases	Sept. 6, 2006 Sept. 14, 2006
(e) Form 51-102F3, Material Change Report	July 31, 2006
(f) Notice of Meeting and Record Dates of shareholders' meeting	Not Applicable
(g) Notice of shareholders' meeting, Proxy and Information Circular	Not Applicable
(h) Report of Exempt Distribution (Amended)	September 18, 2006
(i) Notice of Change in Year End by more than 14 Days	Not Applicable
(j) Notice of Change in Corporate Structure	Not Applicable
(k) Notice of Change of Auditors	Not Applicable
(l) Business Acquisition Report under NI 51-102	Not Applicable
(m) Copy of any disclosure material sent to securityholders or in the case of a SEC issuer, that is furnished to the SEC including material filed as exhibits to other documents if not previously filed	Not Applicable
(n) Notice of Change of Status Report	Not Applicable
(o) Filing of documents Affecting the Rights of Securityholders including:	

**Document Name or Information**

**Documents Filed**

(a) charter documents	Not Applicable
(b) securityholder or voting trust agreements to which the Company has access and that could reasonably be regarded as material to an investor in securities of the Company	Not Applicable
(c) any securityholder rights plans or similar plans	Not Applicable
(d) any other contract of the Company or subsidiary of the Company that creates or can reasonably be regarded as materially affecting the rights or obligations of the securityholders generally	Not Applicable
(e) copy of any contract that the Company or its subsidiaries is a party to other than a contract entered into in the ordinary course of business, that is material to the Company and was entered into within the last financial year or before the last financial year but is still in effect, <u>unless</u> an executive officer of the Company has reasonable grounds to believe that disclosure of certain provisions of the contract to be filed would be seriously prejudicial to the interests of the Company or would violate confidentiality provisions, in which case the contract may be filed with those provisions omitted or marked so as to be unreadable; provided however that contracts entered into before January 1, 2002 are not required to be filed.	Not Applicable
(p) Prospectus	Not Applicable
(q) Amendment to Prospectus	Not Applicable
(r) Takeover Bid Circular	Not Applicable
(s) Notice of Change or Variation to Takeover Bid Circular	Not Applicable
(t) Issuer Bid Circular	Not Applicable

<b>Document Name or Information</b>	<b>Documents Filed</b>
(u) Notice of Change or Variation to Issuer Bid Circular	Not Applicable
(v) Initial Acquisition Report	Not Applicable
(w) Subsequent Acquisition Reports	Not Applicable
(x) Notice of Intention to Sell by a Control Person	Not Applicable
<b>3. Materials filed with the TSX Venture Exchange ("Exchange") (as required by its rules and policies)</b>	

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<b>Document Name or Information</b>	<b>Documents Filed</b>
(a) Exchange Filing Statement	Not Applicable
(b) Annual Report (including annual audited financial statements and auditors' report thereon and Management's Discussion and Analysis	Not Applicable
(c) Annual Information Form (not mandatory)	Not Applicable
(d) Quarterly Interim Financial Statements and Management's Discussion and Analysis	Unaudited financial statements for the 6 months ended May 31, 2006 and MD&A
(e) News Releases	Sept. 6, 2006 Sept. 14, 2006
(f) Form 51-102F3, Material Change Report	July 31, 2006
(g) Notice of Meeting and Record Dates of shareholders' meeting	Not Applicable
(h) Notice of shareholders' meeting, Proxy and Information Circular	Not Applicable
(i) Prospectus	Not Applicable
(j) Amendment to Prospectus	Not Applicable
(k) Takeover Bid Circular	Not Applicable
(l) Notice of Change or Variation to Takeover Bid Circular	Not Applicable
(m) Issuer Bid Circular	Not Applicable

<b>Document Name or Information</b>	<b>Documents Filed</b>
(n) Notice of Change or Variation to Issuer Bid Circular	Not Applicable
(o) Initial Acquisition Report	Not Applicable
(p) Subsequent Acquisition Reports	Not Applicable
(q) Notice of Intention to Sell by a Control Person	Not applicable
(r) Notice of Dividends	Not Applicable
(s) Notice of Market Making Activities - Form 3C, Declaration of Certified Filing Promotional Investor Relations and Market Making Activities	Not Applicable
(t) Notice of Expedited Acquisition - Exchange Form 5B, Expedited Acquisition Filing	Not Applicable
(u) Notice of Proposed Minor or Major Transaction – Exchange Form 5C, Transaction Summary Form	Not Applicable
<b>4. Materials distributed to security holders as required by the Business Corporations Act (BC) and regulations thereunder, the Securities Act (British Columbia) and the Securities Act (Alberta) and regulations thereunder, NI 54-101 and the rules and policies of the Exchange</b>	

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<b>Document Name or Information</b>	<b>Documents Filed</b>
(a) Annual Report (including annual audited financial statements and auditors' report thereon and Management's Discussion and Analysis)	Not Applicable
(b) Quarterly Interim Financial Statements and Management's Discussion and Analysis	Not Applicable
(c) Notice of shareholders' meeting, Proxy and Information Circular	Not Applicable
(d) Prospectus	Not Applicable
(e) Amendment to Prospectus	Not Applicable
(f) Issuer Bid Circular	Not Applicable
(g) Notice of Change or Variation to Issuer Bid Circular	Not Applicable

Exemplaire NO. 82-120



FORM 27  
BUSINESS CORPORATIONS ACT  
ANNUAL RETURN EXTRA-TERRITORIAL CORPORATION

FORMULE 27  
LOI SUR LES SOCIÉTÉS PAR ACTIONS  
RAPPORT ANNUEL D'UNE SOCIÉTÉ  
EXTRATERRITORIALE

FILED - DÉPÔT

No.: ET5068

Date: June 6 2006

R. D. D. D.  
DEPUTY/REGISTRAR OF CORPORATIONS  
REGISTRAIRE OU REGISTRAIRE ADJOINT DES SOCIÉTÉS

1) Name of corporation

GGL DIAMOND CORP.

Dénomination sociale de la société

2) This return contains information current to and including

MONTH AND DAY OF INCORPORATION OR  
AMALGAMATION

MM DD/J  
05 25

THE YEAR FOR WHICH THIS RETURN IS  
APPLICABLE

YYYY/ANNÉE  
2006

Le présent rapport contient les renseignements les  
plus récents en date du

MOIS ET JOUR DE CONSTITUTION  
OU DE FUSION

ANNÉE APPLICABLE AU RAPPORT

3) Is the address of the registered office, and the post  
office box designated as the address for service by  
mail, if any, the same as shown on the last notice  
filed with the Registrar of Corporations?

YES ☒ OUI  
NO ☐ NON

L'adresse du bureau enregistré ou de la boîte postale aux  
fins de signification par courrier sont-elles les mêmes que  
celles qui figurent sur le dernier avis de désignation déposé  
auprès du registraire des sociétés?

4) Is the current postal and street address of the  
head office the same as the postal and street  
address shown on the last notice filed with the  
Registrar of Corporations?

YES ☒ OUI  
NO ☐ NON

L'adresse actuelle du siège social est-elle la même que  
celle qui figure sur le dernier avis de désignation déposé  
auprès du registraire des sociétés?

5) Are the current charter and regulations of the  
corporation the same as the charter and  
regulations that have been filed with the  
Registrar of Corporations?

YES ☒ OUI  
NO ☐ NON

La charte et les règlements de la société sont-ils les mêmes  
que ceux qui ont été déposés auprès du  
registraire des sociétés?

6) Are the current directors of the corporation the  
same as the directors shown on the last notice  
filed with the Registrar of  
Corporations?

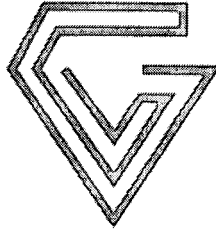
YES ☒ OUI  
NO ☐ NON

Les administrateurs actuels de la société sont-ils les mêmes  
que ceux qui figurent sur le dernier avis de désignation  
déposé auprès du registraire des  
sociétés?

IF THE ANSWER TO EITHER OF THE  
ABOVE QUESTIONS IS "NO", THIS  
RETURN MUST BE ACCOMPANIED BY  
ALL NOTICES NECESSARY TO BRING  
THE RECORDS OF THE REGISTRAR UP  
TO DATE.

SI VOUS AVEZ RÉPONDU «NON» À L'UNE  
DES QUESTIONS CI-DESSUS, LE PRÉSENT  
RAPPORT DOIT ÊTRE ACCOMPAGNÉ DE  
TOUS LES AVIS DE DÉSIGNATION  
NÉCESSAIRES AFIN DE METTRE À JOUR  
LES REGISTRES DU REGISTRAIRE.

Date	Signature	Title (Director, Officer or Solicitor) Titre (Administrateur, dirigeant ou avocat)
June 1 / 06		President & CEO



**GGL DIAMOND CORP.**

**CONSOLIDATED FINANCIAL STATEMENTS**

**MAY 31, 2006**

**(UNAUDITED)**

Notice to Reader: The Company's auditors have not reviewed the attached Interim Consolidated Financial Statements for the period ended May 31, 2006.



## GGL DIAMOND CORP.

Consolidated Balance Sheets As At  
(Unaudited)

	May 31, 2006	November 30, 2005
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 309,951	\$ 592,662
Marketable securities	3,800	3,800
Accounts receivable	220,271	127,626
Prepaid expense	4,459	2,831
	538,481	726,919
<b>Mineral properties and deferred exploration costs (Note 1)</b>	13,279,034	12,050,879
<b>Property, plant and equipment</b>	275,388	286,211
	\$ 14,092,903	\$ 13,064,009
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 462,676	\$ 110,685
Current portion of mortgage loan	14,153	14,153
	476,829	124,838
<b>Mortgage loan</b>	20,728	28,109
	497,557	152,947
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Notes 2, 3)	26,345,932	25,308,996
Contributed surplus	1,125,120	823,329
Deficit	(13,875,706)	(13,221,263)
	13,595,346	12,911,062
	\$ 14,092,903	\$ 13,064,009

Commitments (Note 6)

Subsequent Events (Note 7)

Approved by the Board of Directors:

*"Raymond A. Hrkac"*

Director

*"Nick DeMare"*

Director

Please see notes accompanying these financial statements.

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**GGL DIAMOND CORP.**

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Consolidated Statement of Operations and Deficit  
For the three months ended  
(Unaudited)

	May 31, 2006	May 31, 2005
<b>Administration costs</b>		
Amortization	\$ 837	\$ 665
Consulting fees	26,795	23,050
Corporate relations	33,420	4,173
Interest expense	507	-
Legal and audit	20,781	20,983
Licences, taxes, insurance and fees	4,972	6,130
Office services and expenses	38,655	32,080
Shareholders' meetings and reports	31,462	22,901
Stock based compensation	212,206	12,642
Travel	58,306	13,285
<b>Operating loss</b>	<b>(427,941)</b>	<b>(135,909)</b>
<b>Other income (loss)</b>		
Interest income	4,790	6,415
Foreign exchange adjustments	(1,172)	274
Gain on sale of equipment	92	-
Other Tax expense	-	(18)
General exploration costs	(41,704)	(43,988)
	<b>(37,994)</b>	<b>(37,317)</b>
<b>Net loss for the period</b>	<b>(465,935)</b>	<b>(173,226)</b>
<b>Deficit, beginning of period</b>	<b>(13,409,771)</b>	<b>(12,372,667)</b>
<b>Deficit, end of period</b>	<b>\$ (13,875,706)</b>	<b>\$ (12,545,893)</b>
<b>Net loss per share</b>	<b>\$ (0.005)</b>	<b>\$ (0.002)</b>
<b>Weighted average number of common shares outstanding</b>	<b>93,600,695</b>	<b>78,990,279</b>

Please see notes accompanying these financial statements.

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**GGL DIAMOND CORP.**

Consolidated Statement of Operations and Deficit  
For the six months ended  
(Unaudited)

	May 31, 2006	May 31, 2005
<b>Administration costs</b>		
Amortization	\$ 1,636	\$ 1,330
Consulting fees	45,095	81,750
Corporate relations	81,172	8,168
Interest expense	1,013	-
Legal and audit	38,766	35,596
Licences, taxes, insurance and fees	13,137	11,350
Office services and expenses	76,411	78,825
Shareholders' meetings and reports	33,300	28,789
Stock based compensation	301,792	36,027
Travel	62,695	23,083
<b>Operating loss</b>	<b>(655,017)</b>	<b>(304,918)</b>
<b>Other income (loss)</b>		
Interest income	14,009	9,621
Foreign exchange adjustments	(1,617)	274
Gain on sale of equipment	92	-
General exploration costs	(101,093)	(80,908)
Other Tax expense	(53)	(348)
	<b>(88,662)</b>	<b>(71,361)</b>
<b>Net loss before taxes</b>	<b>(743,679)</b>	<b>(376,279)</b>
Future tax recovery	89,236	82,000
<b>Net loss for the period</b>	<b>(654,443)</b>	<b>(294,279)</b>
<b>Deficit, beginning of period</b>	<b>(13,221,263)</b>	<b>(12,251,614)</b>
<b>Deficit, end of period</b>	<b>\$ (13,875,706)</b>	<b>\$ (12,545,893)</b>
<b>Net loss per share</b>	<b>\$ (0.007)</b>	<b>\$ (0.004)</b>
<b>Weighted average number of common shares outstanding</b>	<b>93,600,695</b>	<b>78,990,279</b>

Please see notes accompanying these financial statements.

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**GGL DIAMOND CORP.****Consolidated Statement of Cash Flows**  
**For the three months ended**  
**(Unaudited)**

	May 31, 2006	May 31, 2005
	<hr/>	<hr/>
<b>Cash flows from (used in) operating activities</b>		
Loss for the period	\$ (465,935)	\$ (173,226)
Adjustment for items not involving cash:		
- amortization of property, plant and equipment	6,711	6,577
- stock based compensation	212,206	12,642
- gain on sale of equipment	(92)	-
	<hr/>	<hr/>
	(247,110)	(154,007)
Change in non-cash working capital items:		
- accounts receivable	(122,593)	(108,786)
- prepaid expenses	(4,303)	(1,403)
- accounts payable and accrued liabilities	302,246	159,718
	<hr/>	<hr/>
	(71,760)	(104,478)
<b>Cash flows from (used in) financing activities</b>		
Shares issued for cash	122,500	2,230,000
Share issuance cost	(8,352)	(85,150)
Principal reduction of mortgage loan	(3,404)	(3,386)
	<hr/>	<hr/>
	110,744	2,141,464
<b>Cash flows from (used in) investing activities</b>		
Mineral property costs	-	(316)
Deferred exploration costs	(765,580)	(487,861)
Proceeds from sale of equipment	100	-
Purchase of equipment	(2,212)	(3,918)
	<hr/>	<hr/>
	(767,692)	(492,095)
<b>(Decrease) increase in cash and cash equivalents</b>	(728,708)	1,544,891
<b>Cash and cash equivalents, beginning of period</b>	1,038,659	672,787
<b>Cash and cash equivalents, end of period</b>	<hr/> <hr/> \$ 309,951	<hr/> <hr/> \$ 2,217,678
<b>Supplementary cash flow information</b>		
Cash paid for interest charges	\$ 506	\$ 446

Please see notes accompanying these financial statements.

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**GGL DIAMOND CORP.**

Consolidated Statement of Cash Flows  
For the six months ended  
(Unaudited)

	May 31, 2006	May 31, 2005
<b>Cash flows from (used in) operating activities</b>		
Loss for the period	\$ (654,443)	\$ (294,279)
Adjustment for items not involving cash:		
- amortization of property, plant and equipment	13,204	12,760
- stock based compensation	301,792	36,027
- gain on sale of equipment	(92)	-
- future tax recovery	(89,236)	(82,000)
	(428,775)	(327,492)
Change in non-cash working capital items:		
- accounts receivable	(92,645)	(101,798)
- prepaid expenses	(1,628)	(1,896)
- accounts payable and accrued liabilities	351,991	163,211
	(171,057)	(267,975)
<b>Cash flows from (used in) financing activities</b>		
Shares issued for cash	945,125	2,230,000
Shares issued for cash – flow-through shares	254,960	230,000
Share issuance costs	(73,913)	(94,266)
Principal reduction of mortgage loan	(7,381)	(7,291)
	1,118,791	2,358,443
<b>Cash flows from (used in) investing activities</b>		
Mineral property costs	-	(316)
Deferred exploration costs	(1,228,155)	(749,558)
Proceeds from sale of equipment	100	-
Purchase of equipment	(2,390)	(5,316)
	(1,230,445)	(755,190)
<b>(Decrease) increase in cash and cash equivalents</b>	(282,711)	1,335,278
<b>Cash and cash equivalents, beginning of period</b>	592,662	882,400
<b>Cash and cash equivalents, end of period</b>	\$ 309,951	\$ 2,217,678
<b>Supplementary cash flow information</b>		
Cash paid for interest charges	\$ 1,013	\$ 1,041

Please see notes accompanying these financial statements.

# GGL DIAMOND CORP.

Notes to Consolidated Financial Statements  
May 31, 2006

These notes should be read in conjunction with the Audited Consolidated Financial Statements for the year ended November 30, 2005.

## 1. Mineral Properties and Deferred Exploration Costs

[-----December 1, 2005 to May 31, 2006-----]

	Balance November 30, 2005	2006 property cost additions	2006 exploration cost additions	2006 written off	Balance May 31, 2006
Doyle Lake	\$ 2,115,914	\$ -	\$ 789,666	\$ -	\$ 2,905,580
Fishback Lake	1,016,316	-	263,475	-	1,279,791
CH	6,512,329	-	171,569	-	6,683,898
Happy Creek	926,920	-	195	-	927,115
McConnell Creek	1,479,400	-	3,250	-	1,482,650
	\$12,050,879	\$ -	\$1,228,155	\$ -	\$ 13,279,034

	Balance November 30, 2005	2006 Additions	2006 written off	Balance May 31, 2006
Mineral property costs	\$ 536,334	\$ -	\$ -	\$ 536,334
Deferred exploration costs	11,514,545	1,228,155	-	12,742,700
	\$ 12,050,879	\$1,228,155	\$ -	\$ 13,279,034

Exploration costs incurred during the six months ended:

	May 31, 2006	May 31, 2005
Charter Aircraft	\$ 243,598	\$ 130,668
Drilling, sampling	328,530	167,743
Licences, recording fees, lease payments	62,689	38,303
Project supplies	26,396	99,072
Salaries and wages	64,036	34,937
Survey	314,928	76,465
Technical and professional services	146,357	161,018
Transportation	41,621	41,352
	\$ 1,228,155	\$ 749,558

## GGL DIAMOND CORP.

Notes to Consolidated Financial Statements  
May 31, 2006

### 2. Share Capital

- (a) Authorized: unlimited common shares without par value.
- (b) Issued:

	Number of Shares	Amount
Balance, November 30, 2005	91,574,647	\$24,713,996
Private placement - flow-through share agreements	910,571	254,960
Private placement	3,160,227	556,642
Share issuance costs	-	(73,913)
Exercise of stock options	627,500	145,500
Exercise of warrants - proceeds	417,500	104,375
Re-allocation from share purchase warranty relating to the exercise of share purchase warrants	-	18,312
Flow-through share renunciation	-	(89,236)
Balance, May 31, 2006	96,690,445	\$ 25,630,636

	Number of Warrants	Amount
Balance, November 30, 2005	13,564,405	\$ 595,000
Private placement	3,160,227	138,608
Exercise of warrants	(417,500)	(18,312)
Balance, May 31, 2006	16,307,132	\$ 715,296

<b>Share Capital</b>	<b>\$ 26,345,932</b>
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- (c) During the period ended May 31, 2006, the Company:
  - (i) completed a private placement of 910,571 flow through shares at \$0.28 per share for gross proceeds of \$254,960. The proceeds from these flow through shares were spent on Canadian Exploration Expenses on the Company's Northwest Territories properties. In addition the Company issued 3,160,227 units at \$0.22 per unit for gross proceeds of \$695,250. Each unit consists of one common share and one share purchase warrant. One share purchase warrant is exercisable for one year at \$0.30 per common share.  
  
The Company paid a cash finders fee of \$40,000 on a portion of the proceeds.;
  - (ii) issued 627,500 common shares upon the exercise of stock options at \$0.20 and \$0.30 per common share, for gross proceeds of \$145,500;

## GGL DIAMOND CORP.

Notes to Consolidated Financial Statements  
May 31, 2006

### 2. Share Capital, continued

- (iii) granted 1,675,000 stock options to employees for a period of five years. These options are priced at \$0.20 and \$0.26 per common share and will expire between December 7, 2010 and May 12, 2011.;
  - (iv) repriced 500,000 stock options that were granted to employees and consultants (excluding insiders) to \$0.26 per common share from an exercise price of \$0.45 and \$0.50. These options have expiry dates of August 29, 2006 to June 29, 2009.;
  - (v) issued 417,500 common shares upon the exercise of warrants at \$0.25 per common share for gross proceeds of \$104,375; and
  - (vi) the Company amended and restated its Shareholders Rights Plan Agreement which has been accepted by the TSX Venture Exchange and the Shareholders at the Company's Annual General and Special Meeting held on May 12, 2006.
- (d) At May 31, 2006, the following share purchase warrants remained unexercised:

<u>Number of warrants</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
3,160,227	\$0.30	Dec. 23, 2006
1,075,000	\$0.30	March 8, 2007
582,500	\$0.30	March 15, 2007
7,777,778	\$0.22	April 29, 2007
1,666,666	\$0.20/\$0.22	July 27, 2007
2,044,961	\$0.26	Sept. 28, 2007
<b><u>16,307,132</u></b>		

### 3. Stock Options

The Company has amended its Stock Option Plan to a 10% rolling plan whereby the Company may grant stock options to purchase up to 10% of the issued share capital of the Company at the time of the grant of any option. Under the policies of the TSX Venture Exchange, options granted under the 10% rolling plan will not be required to include the mandatory vesting provisions required by the Exchange for fixed number stock option plans, except for stock options granted to investor relations consultants. Under the 10% rolling plan, the number of shares available for grant increases as the issued capital of the Company increases. This amendment was approved by the Shareholders at the Company's Annual General and Special Meeting held on May 12, 2006.



## GGL DIAMOND CORP.

Notes to Consolidated Financial Statements  
May 31, 2006

### 3. Stock Options, continued

Stock options outstanding as at May 31, 2006:

	Shares	Weighted Average Exercise Price
Options outstanding at November 30, 2005	5,366,000	\$0.29
Expired	(757,500)	\$0.29
Granted	1,675,000	\$0.22
Exercised	(627,500)	\$0.23
Options outstanding at May 31, 2006	<b>5,656,000</b>	<b>\$0.26</b>

Options Outstanding				Options Exercisable	
Range of Exercise Prices	Number Outstanding	Weighted Average Remaining Contractual Life (yr)	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
\$0.20 - \$0.50	5,656,000	3.27	\$0.26	5,510,167	\$0.26

### 4. Related Party Transactions

During the six months ended May 31, 2006, the Company was billed \$48,000 by a director (May 31, 2005 - \$46,612 by two directors) for consulting fees and technical and professional services.

### 5. Segmented information

The Company is involved in mineral exploration and development activities, which are conducted principally in Canada and the United States. The Company is in the exploration stage and, accordingly, has no reportable segment revenues or operating results for each of the six months ended May 31, 2006 and May 31, 2005.

The Company's total assets are segmented geographically as follows:

	May 31, 2006	May 31, 2005
Canada	\$ 13,165,788	\$ 12,179,425
United States	927,115	919,308
	<b>\$ 14,092,903</b>	<b>\$ 13,098,733</b>

## **GGL DIAMOND CORP.**

Notes to Consolidated Financial Statements  
May 31, 2006

### **6. Commitments**

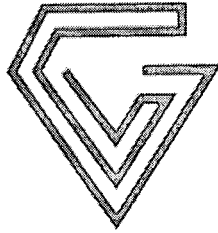
Pursuant to an agreement dated 2001, the Company had agreed to pay its President and Chief Executive Officer \$10,000 per month. This agreement has now been dissolved and a new agreement is being prepared. The Company will not be required to make any back payments pursuant to the 2001 agreement.

The Company signed a three-year lease for its head office, including some additional space, in Vancouver until June 30, 2009. The commitment is approximately \$49,000; \$62,000; \$62,500; and \$26,400 in each of the years 2006, 2007, 2008 and 2009, respectively.

### **7. Subsequent Events**

Subsequent to May 31, 2006:

- i) the Company has raised \$904,000 pursuant to a flow - through private placement of units at \$0.25 per unit. The proceeds from these flow through shares are being spent on Canadian Exploration Expenses on the Company's Northwest Territories properties. Each unit consists of one common share and one-half share purchase warrant. One whole share purchase warrant is exercisable at \$0.35 per common share during the first year and at \$0.45 per common share during the second year. The Company paid a total of \$37,900 in cash and issued 144,000 warrants to agents as finders fees.;
- ii) 180,000 stock options expired unexercised; and
- iii) the Company issued 50,000 common shares pursuant to the exercise of stock options for gross proceeds of \$20,000.



**GGL DIAMOND CORP.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**MAY 31, 2006**

# GGL DIAMOND CORP.

## Management's Discussion and Analysis

FOR THE SIX MONTHS ENDED MAY 31, 2006  
INFORMATION AS OF JULY 27, 2006 UNLESS OTHERWISE STATED

The following discussion of the results and financial position of the Company for the period ended May 31, 2006 should be read in conjunction with the November 30, 2005 Audited Consolidated Financial Statements and the February 28, 2006 Consolidated Financial Statements and related notes.

From its founding in 1981, the Company has been engaged in the acquisition and exploration of mineral properties in North America. In the years up to 1992, the exploration focus was on gold and copper-gold prospects. As a result, the Company retains ownership of a gold-copper property in British Columbia, Canada, and has a gold property under option in Nevada, USA.

Since 1992, the Company's primary focus has been on exploring for diamonds on the Slave Craton in the Northwest Territories of Canada. At present, the Company has a 100% interest in 401,896 acres of mineral claims and leases and a 40% carried interest (De Beers Canada Inc. 60%) in leases containing 12,757 acres.

### Mineral Properties and Deferred Exploration Costs

	Balance November 30, 2005	2006 property cost additions	2006 exploration cost additions	2006 written off	Balance May 31, 2006
Doyle Lake	\$ 2,115,914	\$ -	\$ 789,666	\$ -	\$ 2,905,580
Fishback Lake	1,016,316	-	263,475	-	1,279,791
CH	6,512,329	-	171,569	-	6,683,898
Happy Creek	926,920	-	195	-	927,115
McConnell Creek	1,479,400	-	3,250	-	1,482,650
	<b>\$12,050,879</b>	<b>\$ -</b>	<b>\$1,228,155</b>	<b>\$ -</b>	<b>\$ 13,279,034</b>

	Balance November 30, 2005	2006 Additions	2006 written off	Balance May 31, 2006
Mineral property costs	\$ 536,334	\$ -	\$ -	\$ 536,334
Deferred exploration costs	11,514,545	1,228,155	-	12,742,700
	<b>\$ 12,050,879</b>	<b>\$1,228,155</b>	<b>\$ -</b>	<b>\$ 13,279,034</b>

## DIAMOND PROPERTIES

### Diamond Exploration, Slave Craton, Northwest Territories, Canada

The Point Lake kimberlite pipe was discovered in 1991; since then, over 300 kimberlite bodies have been found on the Slave Craton, an area approximately 400 km by 600 km. When compared to other cratons in the world, it is apparent that many more kimberlite bodies remain to be found. Today there are three producing diamond mines. The Ekati Mine and the Diavik Mine together have made Canada the world's third largest diamond producer by value, surpassing South Africa; Tahera has recently started mining the Jericho pipe in Nunavut. The Snap Lake and the Gahcho Kue are two new diamond mines being prepared for production by De Beers Canada Inc. ("De Beers") in the NWT.

## **Doyle Lake, Southeast Slave Craton**

The Company has three projects in the Doyle Area located 270 km ENE of Yellowknife. The Doyle Project, 100% GGL-owned mineral claims and leases, contains the Doyle diamond-bearing kimberlite sill. The New Century Project comprises a set of leases acquired from De Beers, Mountain Province Diamonds Inc. ("MPV"), and Camphor Ventures Inc. (subject to a total royalty of 1.5% of net returns). The third Doyle project is the De Beers Doyle joint venture (JV), which consists of five mineral leases adjoining the leases containing the Gahcho Kue diamond deposit.

### **The Doyle Project**

The Doyle Project consists of 27 mineral leases and eight mineral claims and fractional claims that contain a total of 37,165 acres. Five mineral claims are being taken to lease this year. The Doyle Project area is adjoining by claims held by Diamondex to the west, Diamonds North/Southern Era to the south, Diamondex/Majescor to the east, and the De Beers Doyle JV and the New Century Project to the north.

Between 1993 and 1995, two main kimberlite indicator mineral trains and several minor trains were located. One of the trains, which contained high indicator mineral counts per sample (up to 750 grains), was termed the "Gravy Train". In 1996, an evaluation of garnets recovered from heavy mineral surface sampling determined that the source of the garnets should be significantly diamondiferous, and hence worth finding (School of Earth Sciences, Macquarie University, Australia). A similar evaluation of garnets was made by Monopros (De Beers) in 1997, but at that time, the garnets were obtained from the kimberlite itself, which had been located by drilling in late August of 1996 (the Doyle kimberlite sill). This evaluation concluded that the garnets indicate high economic potential for the kimberlite (The Ni-Thermometry and Trace Element Geochemistry of the Garnets from the GGL sill).

In late 2003, De Beers undertook a mineral chemistry analysis of garnets obtained by the 2003 drilling program and concluded that "the current samples contain garnets and spinels whose chemistries indicate significant sampling of a depleted and potentially diamond-bearing mantle. Ilmenite (a kimberlite indicator mineral) chemistry from the current samples suggests an environment conducive to diamond preservation (reducing conditions) whereas previous ilmenite mineral chemistry indicates a more oxidizing environment, suggesting "internal variation in the chemical character of the melt". This latter conclusion is important as it suggests that the diamond grade within the kimberlite could vary within the kimberlite itself, where variations in texture and appearance and microdiamond counts per kilogram also varied from drill hole to drill hole. All of these factors forewarned that an evaluation of diamond grade would require a number of sample sites from the kimberlite.

In August and September of 2005, a 45.5 tonne mini-bulk sample was taken from a single surface pit located at the northeastern edge of the kimberlite at the sub-outcrop of the sill. As this was to be a summer sample, it was important that the site chosen be relatively dry, and for budget considerations, that the kimberlite was close to the surface. Although there are no lakes in the area, other potential sites near the sub-outcrop of the kimberlite would best be done in the frozen conditions of winter. The site chosen had a total of 4 metres of overburden and granite before reaching the kimberlite, which at this location is 3.8 metres thick.

The sample was analysed by Ashton Mining of Canada Inc. ("Ashton") at its North Vancouver laboratory where it underwent standard crushing, washing, dense media separation (DMS) and recovery of commercial-sized diamonds.

The 45.5 tonne kimberlite sample was divided into three sub-samples. The following Table was provided by Ashton's laboratory and summarizes the DMS diamond results by sub-sample, expressed in Tyler Sieve distribution.

DMS Sample	Measured Weight (kg)	Number of Diamonds						Total No. of Diamonds +1.18-6.7 mm	Total Carat Wt. +1.18-6.7 mm	Est. Diamond Content (+1.18) (cpht)
		+0.85-1.18 mm	+1.18-1.7 mm	+1.7-2.36 mm	+2.36-3.35 mm	+3.35-4.75 mm	+4.75-6.7 mm			
11104	16142.5	6	19	6	0	1	0	26	2.355	14.59
11105	15740.5	2	14	9	0	1	0	24	2.020	12.83
11106	13643.5	3	20	7	2	0	0	29	1.780	13.05
<b>TOTAL</b>	<b>45526.5</b>	<b>11</b>	<b>53</b>	<b>22</b>	<b>2</b>	<b>2</b>	<b>0</b>	<b>79</b>	<b>6.155</b>	<b>13.52</b>

Howard Coopersmith, P. Geol., a diamond consultant and Qualified Person, observed portions of each DMS treatment and diamond recovery procedure. He stated that the sample results reported are of high integrity and are believed to accurately represent the sampled kimberlite. Diamond recovery results returned a composite total of approximately 6.2 carats of commercially sized diamonds from 45.5 tonnes of sample material, for a calculated grade of 0.135 carats per tonne. Mr. Coopersmith described the largest diamonds as a 1.25 carat off-white industrial stone and a 0.83 carat colourless clean crystal of high gem value. He reported that the sample produced a modest grade of diamonds and significant commercial stones from a small tonnage.

Felix Kaminsky, Ph.D., P. Geo., has reviewed the results of the mini-bulk sample, and in his preliminary interpretation, has made the following observations: The initial diamond grade of the kimberlite was probably high. The grade of the sample is low due to resorption of the diamonds and consequent loss of mass. There is a larger proportion of gem quality stones than is usually found in diamond deposits and the quality of the Doyle diamonds is high.

Kimberlite sheets, either vertical or inclined, often contain "blows" where thickness and thus tonnage potential increases. At Snap Lake, for example, this thickening was encountered at an inclined depth of 1 km surrounded by areas that tapered off to less than one metre thick. The Doyle kimberlite has been traced for 2 km along strike and remains open to further extension. We have only one section of drill holes showing that the inclined depth extends to at least 820 metres, and further drilling is required to evaluate the potential for "blows". The thickness of drill intersections to date averages 2 metres and compares favourably with the early work at Snap Lake.

Unlike Snap Lake where the kimberlite is unusually uniform in appearance, the Doyle kimberlite varies and therefore additional drilling is also required to evaluate indicator mineral and microdiamond results. A bulk-sampling program for next winter would be guided by the drilling planned for 2006.

A possible second kimberlite sheet has been found in one drill hole close to and east of the Doyle kimberlite and will also require exploration by drilling.

The sources of the other kimberlite trains at Doyle have yet to be found and form part of the exploration program.

### **De Beers Doyle JV, De Beers 60%, GGL 40% (carried interest)**

Under an agreement dated May 25, 1995, De Beers earned a 60% interest in the Doyle Lake properties. To date, De Beers has spent \$7.5 million on these claims. De Beers has retained the LA 4 to LA 9 claims and the fractional claims Extra 2 to Extra 4 inclusive (the "Doyle Leases"), while the remaining LA claims were returned 100% to GGL.

De Beers is required to maintain responsibility for a portion of the surface occupied by the leases under its permits for the development of the Gahcho Kue diamond deposit and does not plan to proceed with exploration on the Doyle Leases. However, GGL believes there is room for exploration without detriment to the permit areas.

As the De Beers JV area contains a number of drill-ready targets, the Company approached De Beers to see if one or more of these could be made available for drilling this spring. An agreement has been signed, under which De Beers will return the LA 4 mineral lease to GGL, but will retain a 1% royalty on any discovery made by GGL. De Beers will also have access to surface areas on LA 4 required for the Gahcho Kue development.

One of two selected drill targets on LA 4 (T Bone Lake) was tested by two drill holes that encountered alteration but no kimberlite. A second target, Quail Lake, is scheduled to be drilled this summer.

### **The New Century Project**

GGL's exploration team has been evaluating the digital data received to date from De Beers for the exploration work completed on the 51,109 acres that comprise the "New Century Project". This Project includes 21 mining leases acquired from MPV, Camphor Ventures Inc., and De Beers. The leases are subject to Royalty Agreements, in which royalties total 1.5% of net returns (gross revenues less permissible deductions). The Company has agreed to keep the leases in good standing and submit three yearly lease rental period payments to the NWT Mining Records Office; the first lease rental payment of \$51,109 has been made.

Seventeen of the acquired leases extend approximately 15 km west and 8 km north of the adjoining LA 1 mineral lease of The Doyle Project. Two of the acquired leases are centered 5 km north of the Gahcho Kue diamond deposit currently being prepared for production by De Beers, and adjoin the leases containing them. The last two acquired leases are north of and adjoin the leases containing the diamondiferous Kelvin and Faraday kimberlite bodies. A preliminary view of the data received to date indicates that all of the acquired leases have exploration potential to find new kimberlites.

The acquired leases contain the MZ Lake kimberlite sheets (shallow dipping sheet-like kimberlite bodies). Four separate kimberlite sheets have been discovered by drilling and all are diamondiferous. One of the kimberlite sheets has been traced for 1 km along strike, although at this time, little is known about the extensions to depth. The kimberlite intersected in drill holes varies from 7 cm to 2.19 m with the largest combined kimberlite intersection of 3.49 m in one drill hole. In drill hole MPV-01-73, 27 microdiamonds and one macrodiamond were recovered from just 5 kg, a most encouraging result.

The Company commenced its spring exploration program in mid-April. Ground geophysical surveys were completed over 16, mainly lake-based targets. Five drill holes were completed before spring breakup made drilling from the ice unsafe.

Diamond drill hole DDH-DO06-210, a vertical hole, was drilled into a 200 m diameter, lake-based, electromagnetic anomaly with associated kimberlite indicator minerals. The hole was drilled to a depth of 104 m and intersected hematitic alteration of the granite which suggests that additional drilling will be required to test this target.

Kimberlite sheets with thicknesses of up to 50 cm were intercepted in one vertical and one inclined (at 55 degrees) hole while testing Anomaly DO 05-A245, 400-600 metres from the diamondiferous MZ kimberlite dyke. The first hole, DDH-DO06-211, drilled into this anomaly encountered at least 10 sheets of macrocrystic kimberlite, ranging in thickness between 20-54 cm, and occurring between 27.0 m to approximately 47.0 m. The hole ended at 101 m in massive granite. A second core hole into Anomaly DO 05-A245, located 325 metres SE of drill hole DO06-211, encountered two sheets of macrocrystic kimberlite, ranging in thickness between 10-12 cm (true).

A third core hole, DDH-DO06-213, 500 m NE of DDH-DO06-212, drilled to test a geophysical anomaly in the MZ area, did not intersect kimberlite.

A geophysical lake target tested by DDH-DO06-214 intersected slightly altered granite.

The remaining lake based targets will require a new winter drilling program.

At the present time, the Company's exploration crews are at the Doyle properties evaluating land-based geophysical targets and conducting indicator mineral sampling along previously established indicator mineral trains. A diamond drill is on the site and will begin by testing land-based targets in the MZ dyke area after which the drill may be moved to the Doyle Project area.

### **Properties In The Central Slave Craton**

#### **Courageous Property**

The diamond drill stored at the Zip property over the winter was moved to the Courageous property as winter drilling conditions were no longer viable.

From May 25<sup>th</sup> to June 15<sup>th</sup>, a land-based NQ diamond drilling program was carried out on the Courageous claims. A total of five holes were drilled to test two geophysical anomalies on claims CH 20 and CH 21. DDH-CH06-018 and -019 were drilled into Anomaly CO04-A086 with inconclusive results.

Anomaly CO04-A085 was drill-tested and the diamondiferous Bishop Kimberlite was discovered. (*News Release, July 25, 2006*)

The discovery of a diamondiferous kimberlite in this new area raises the possibility of the presence of a cluster of kimberlites as kimberlites seldom occur alone. In addition to the further exploration of the Bishop kimberlite, detailed exploration is planned for the area.

Three angle holes were drilled into the A085 target, which consists of a magnetic high anomaly flanked by an electromagnetic anomaly on the west and a gravity low on the east. Three diamond drill holes were completed, one hole into each of the three geophysical anomalies. Drill hole CH-06-020 was drilled into the magnetic high and encountered a macrocrystic, magmatic (hypabyssal) kimberlite from 98.52m to 100.5m within a six metre zone of alteration, most likely a dyke intrusion. Drill hole CH-06-021 was drilled to test the gravity low and intersected kimberlite between 76.64m and 119.45m, a total of approximately 43m (approximate true width of 38m). In contrast to the intersection in CH-06-020, the kimberlite in CH-06-021 is variable. It comprises an upper interval of approximately 4m of highly weathered, partially disaggregated kimberlite, followed by approximately 4m of magmatic kimberlite, and a lower section of fine-grained, variably-weathered kimberlite. Based on macroscopic examination, this material is interpreted to be volcanoclastic in origin. Only this lower section contained sufficient kimberlite for microdiamond analyses. Drill hole CH-06-022 was drilled to test the EM anomaly; three narrow fine-grained porphyritic intrusions were intersected and require classification by petrographic analysis.



Mineral Services Canada Inc. has been engaged to conduct a petrographic study of the kimberlites encountered and indicator mineral analysis to further evaluate the diamond potential of the kimberlites.

Ten samples of probable volcanoclastic kimberlite from drill hole CH-06-021, weighing a total of 78.2 kilograms, were submitted to Saskatchewan Research Council for diamond recovery by caustic fusion. Six of the ten samples contained one or more microdiamonds for a total recovery of 11 diamonds with the largest diamond recovered on the 0.212 mm bottom sieve, it is a colorless, clear octahedron. The detailed results are shown below.

Interval (m)		Weight (kg)	Bottom Sieve Size (mm)			Total Diamonds
From	To		0.075	0.106	0.212	
76.6	80.3	8.5	2	0	0	2
84.5	87.0	8.1	1	1	1	3
87.0	89.6	8.0	2	0	0	2
89.6	92.6	8.1	2	0	0	2
92.6	95.1	8.0	0	0	0	0
95.1	97.8	8.0	0	1	0	1
97.8	100.6	8.0	1	0	0	1
100.6	104.7	8.0	0	0	0	0
104.7	108.2	8.0	0	0	0	0
108.2	110.6	5.5	0	0	0	0
<b>TOTALS</b>		<b>78.2</b>	<b>8</b>	<b>2</b>	<b>1</b>	<b>11</b>

The Courageous Property is part of the extensive CH Project area exploration and claim acquisition program that started in the winter of 2000. To date, the Company has incurred approximately \$6 million to CH-area exploration consisting primarily of sampling, geophysical surveys and data interpretation, all with the objective of identifying kimberlite targets. Three kimberlites -- Rainer, Adams and Shasta -- located 20km north of the Bishop kimberlite, were discovered in 2001 as part of this exploration campaign.

The CH claim groups, 100%-owned by the Company, include MacKay, Courageous, G Claims, Seahorse, Shoe, Starfish, Zip, Winter Lake North and Winter Lake South, and total over 300,000 acres. Each of the claim groups contains kimberlite indicator minerals from the diamond stability field. Drill targets have been defined and new areas need additional detailed sampling and/or ground geophysical surveys.

This program is operated by GGL, under the supervision of Chris Hrkac in Yellowknife and Torrie Chartier, M.Sc., P.Geo., a consultant to GGL and a qualified person as defined by National Instrument 43-101.

Upon completion of the present program at Doyle, exploration at the Courageous property will be renewed starting with ground gravity geophysical surveys.

## **GOLD PROPERTIES**

### **McConnell Creek Gold/Copper Property, British Columbia, Canada**

This 100%-owned property was the first property acquired by the Company in 1981. Since that time, the property has been explored by the Company and by two major mining companies. The last of these was Placer Dome in 1990. At that time, the commodity markets were not strong and in 1992, the new NDP government discouraged the development of resources. Now times and politics have changed for the better, and a fresh look at this property is warranted.

The property contains significant gold values within a favourable structure and geological setting. Gold indications along the shear structure in basic rocks flanked by granitic intrusives extend for 10 km. The mineral property, including a new mineral tenure staked in 2005, consists of 4,878 hectares.

In 1991, Stan Hoffman, an experienced and well known consulting geochemist, recognized the significant copper potential of the McConnell property that was defined by soil geochemical surveys completed by Placer Dome in 1990. At that time, the low price of copper precluded a follow up program. Now the demand for copper has increased and with it the value of copper, to such an extent that the copper potential of the property, which is separate from the gold potential, deserves a second look. The Company had archived the pulps from the Placer Dome soil samples, which had been analyzed for only six elements.

During the last quarter of 2005, 1,596 of these samples were re-run at Acme Analytical Laboratories Ltd. The analytical results, compiled by consultant Paul W. Richardson, Ph.D., P. Eng., has substantiated the significant copper potential of the McConnell property and Dr. Richardson has recommended that the remaining archived samples be submitted for analysis and that the area of the soil geochemical surveys be extended. As recommended, additional archived samples have been submitted for analysis.

The McConnell property is located 15 km southeast of the Kemess South operating open pit copper mine.

### **Happy Creek Project, Nevada , USA**

The Happy Creek epithermal gold-silver prospect is under option by the Company. In 1998, Meridian Gold Company completed a drill program on the property and returned the claims to GGL. Meridian had optioned the property on the basis of a fluid inclusion study completed on surface samples. The results of the fluid inclusion studies were highly favourable for gold deposition. The holes drilled by Meridian intersected the quartz zone at depth but as gold was not found, Meridian ended the program. Fluid inclusion studies of the quartz zones intersected in the drill holes were not done.

Last quarter some of the drill samples were taken from storage and sent out for fluid inclusion studies. Unfortunately, the material did not lend itself to this approach. The potential for a gold zone at depth, as is common elsewhere in Nevada, remains.

### **Limited Operating History: Losses**

The Company has experienced, on a consolidated basis, losses in all years of its operations. There can be no assurance that the Company will operate profitably in the future, if at all. As at May 31, 2006, the Company's deficit was approximately \$13,875,706.

### **Shares Reserved for Future Issuance: Dilution**

As at May 31, 2006, there were 5,656,000 stock options outstanding pursuant to which shares may be issued in the future, all of which will result in further dilution to the Company's shareholders and pose a dilutive risk to potential investors.

### **Overall performance/results of operations**

As at May 31, 2006, the Company had incurred exploration costs on mineral properties of \$1,228,155 (charter aircraft \$243,598; drilling and sampling \$328,530; licences, recording fees and lease payments \$62,689; salaries and wages \$64,036; surveys \$314,928; technical and professional services \$146,357; transportation \$41,621 and project supplies of \$26,396). Exploration costs for the period ended May 31, 2006 are higher than 2005 by \$478,596, an increase of 64%. Higher costs in 2006 were from: ground gravity surveys on the Doyle, New Century, Fishback Lake and Courageous claims; drilling on the Doyle, New Century and Courageous claims; assessment fee filings and lease rental payments paid for the CH, Doyle and Fishback Lake claims and sampling costs from the Doyle mini bulk sample program in 2005.

On a per project basis, the Company spent the \$1,228,155 exploration costs as follows: \$171,569 on the CH project, \$789,666 on the Doyle Lake Project, \$3,250 on the McConnell Creek, \$195 on the Happy Creek Gold/Silver Property, and \$263,475 on the Fishback Lake claims.

The Company reported a net loss of \$654,443 for the period ended May 31, 2006 compared to a net loss of \$294,279 for the period ended May 31, 2005 (an increase of 122% from 2005 to 2006). General administration expenses for the period ended May 31, 2006 were \$655,017 compared to \$304,918 for the period ended May 31, 2005 (an increase of 115% from 2005 to 2006). The increase in general administration expenses was primarily due to an increase in stock based compensation (2006 - \$301,792; 2005 - \$36,027), travel costs to find new investors, shareholders meetings and reports and corporate relations expenses.

Stock based compensation increased due to the change in the Company's Stock Option Plan. The Company adopted a 10% rolling plan whereby the Company may grant stock options to purchase up to 10% of the issued share capital of the Company at the time of the grant of any option. Under the policies of the TSX Venture Exchange, options granted under the 10% rolling plan will not be required to include the mandatory vesting provisions required by the Exchange for fixed number stock option plans, except for stock options granted to investor relations consultants. All of the stock based compensation expenses related to new stock options and stock options that were not fully vested (except for investor relations consultants' options) were expensed immediately, when the plan was accepted by the TSX Venture Exchange in January 2006.

Corporate relations increased as a result of agreements with two investor relations firms signed late in 2005.

Consulting fees and office services and expenses decreased in 2006. Revenue for the period ended May 31, 2006 was \$14,009 consisting of interest income compared with \$9,621 for the period ended May 31, 2005. The funds raised during 2005 generated the higher interest income earned in 2006.

### **Acquisition and Disposition of Resource Properties and Write offs**

There were no acquisitions, dispositions or write off of properties during the period ended May 31, 2006.

### **Related Party Transactions**

During the six months ended May 31, the Company was billed \$48,000 by one director (May 31, 2005 - \$46,612 by two directors), including \$44,000 (May 31, 2005 - \$37,550) for consulting fees and \$4,000 (May 31, 2005 - \$9,062) for technical and professional services.

### **Commitments**

The Company has entered into an operating lease agreement with respect to its office premises and additional office space in Vancouver until June 30, 2009. Minimum payments are approximately \$49,000; \$62,000; \$62,500; and \$26,400 in each of the years 2006, 2007, 2008 and 2009, respectively.

Pursuant to an agreement dated 2001, the Company had agreed to pay its President and Chief Executive Officer \$10,000 per month. This agreement has now been dissolved and a new agreement is being prepared. The Company will not be required to make any back payments pursuant to the 2001 agreement.

The Company has a mortgage loan on its Yellowknife house of approximately \$34,881 which becomes due on December 3, 2006.

### **Critical Accounting Policies**

See Managements Discussion and Analysis for the year ended November 30, 2005.

### **Subsequent Events**

Subsequent to May 31, 2006:

- (i) the Company has raised \$904,000 pursuant to a flow - through private placement of units at \$0.25 per unit. The proceeds from these flow through shares are being spent on Canadian Exploration Expenses on the Company's Northwest Territories properties. Each unit consists of one common share and one-half share purchase warrant. One whole share purchase warrant is exercisable at \$0.35 per common share during the first year and at \$0.45 per common share during the second year. The Company paid a total of \$37,900 in cash and issued 144,000 warrants to agents as finders fees.
- (ii) 180,000 stock options expired unexercised and
- (iii) the Company issued 50,000 common shares pursuant to the exercise of stock options for gross proceeds of \$20,000.

### **Summary of Quarterly Information**

The following table sets forth a comparison of revenues and earnings for the previous eight quarters ending with May 31, 2006. Financial information is prepared according to GAAP and is reported in Canadian \$.

<b><u>Quarter Ended:</u></b>	<b>May 31, 2006 (\$)</b>	<b>February 28, 2006 (\$)</b>	<b>November 30, 2005 (\$)</b>	<b>August 31, 2005 (\$)</b>	<b>May 31, 2005 (\$)</b>	<b>February 28, 2005 (\$)</b>	<b>November 30, 2004 (\$)</b>	<b>August 31, 2004 (\$)</b>
Total Revenues	4,790	9,219	7,599	7,756	6,415	3,205	6,919	265
Net Income (Loss)	(465,935)	(188,508)	(537,439)	(137,931)	(173,226)	(121,053)	(459,963)	(95,136)
Net income (loss) per share	(0.005)	(0.002)	(0.004)	(0.002)	(0.002)	(0.002)	(0.008)	(0.001)

Note:

(1) Income (loss) before discontinued operations and extraordinary items is the same as Net Income (Loss) as there are no discontinued operations or extraordinary items in 2004, 2005 or 2006. Fully diluted earnings (loss) per share are not presented as the exercise of warrants and stock options would be anti-dilutive.

**Liquidity and Capital Resources**

The Company had working capital at May 31, 2006 of \$61,652 compared with \$2,067,604 as at May 31, 2005. During the first six months of 2006 the Company raised only 1/3 of the financing that it received during the same period in 2005. The Company has no material income from operations and any improvement in working capital results primarily from the issuance of share capital.

As at May 31, 2006 the Company had \$20,728 (2005 - \$35,515) of long-term debt (mortgage loan) outstanding.

For the period ended May 31, 2006, the Company experienced a negative cash flow of \$428,775 (2005 - \$327,492) (before allowing for changes in non-cash operating working capital balances) from operating activities. Changes in operating activities resulted primarily from an increase in corporate relations, shareholders meetings and reports and travel costs and a decrease in administration costs such as consulting fees and office services and expenses. (See Exploration and General and Administrative Expenditures for further information.)

The Company's cash position as at May 31, 2006 was \$309,951 (2005 - \$2,217,678). The decrease in cash position compared to May 31, 2005 was due principally to more funds raised in the first six months of 2005 than in 2006. See Note 2 – Share Capital in the Notes to the Consolidated Financial Statements.

During the period ended May 31, 2006, the Company:

- (i) completed a private placement of 910,571 flow through shares at \$0.28 per share for gross proceeds of \$254,960. The proceeds from these flow through shares were spent on Canadian Exploration Expenses on the Company's Northwest Territories properties. In addition the Company issued 3,160,227 units at \$0.22 per unit for gross proceeds of \$695,250. Each unit consists of one common share and one share purchase warrant. One share purchase warrant is exercisable for one year at \$0.30 per common share.

The Company paid a cash finders fee of \$40,000 on a portion of the proceeds.;

- (ii) issued 627,500 common shares upon the exercise of stock options at \$0.20 and \$0.30 per common share, for gross proceeds of \$145,500;
- (iii) granted 1,675,000 stock options to employees for a period of five years. These options are priced at \$0.20 and \$0.26 per common share and will expire between December 7, 2010 and May 12, 2011.;
- (iv) repriced 500,000 stock options that were granted to employees and consultants (excluding insiders) to \$0.26 per common share from an exercise price of \$0.45 and \$0.50. These options have expiry dates of August 29, 2006 to June 29, 2009.;
- (v) issued 417,500 common shares upon the exercise of warrants at \$0.25 per common share for gross proceeds of \$104,375; and
- (vi) the Company amended and restated its Shareholders Rights Plan Agreement which has been accepted by the TSX Venture Exchange and the Shareholders at the Company's Annual General and Special Meeting held on May 12, 2006.

At May 31, 2006 the Company has the following share purchase warrants outstanding:

Number of warrants	Exercise Price	Expiry Date
3,160,227	\$0.30	Dec. 23, 2006
1,075,000	\$0.30	March 8, 2007
582,500	\$0.30	March 15, 2007
7,777,778	\$0.22	April 29, 2007
1,666,666	\$0.20/\$0.22	July 27, 2007
2,044,961	\$0.26	Sept. 28, 2007
<b>16,307,132</b>		

See Notes 2 and 3 of the Consolidated Financial Statements for May 31, 2006.

See Subsequent Events section.

**Outstanding Share data as at July 27, 2006:**

- (a) Authorized and issued share capital:

Class	Par Value	Authorized	Issued Number
Common	No par value	Unlimited	<b>100,356,445</b>

- (b) Summary of options outstanding:

Security	Number	Exercise Price	Expiry Date
Options	30,000	\$0.26	August 29, 2006
Options	50,000	\$0.20	August 29, 2006
Options	10,000	\$0.20	October 12, 2006
Options	394,333	\$0.20	July 18, 2007
Options	150,000	\$0.30	March 6, 2007
Options	436,667	\$0.25	Feb. 06, 2008
Options	245,000	\$0.30	April 25, 2008
Options	50,000	\$0.26	Aug. 15, 2008
Options	405,000	\$0.26	Jan. 15, 2009
Options	340,000	\$0.50	Jan. 15, 2009
Options	330,000	\$0.50	March 19, 2009
Options	15,000	\$0.26	June 29, 2009
Options	650,000	\$0.20	May 12, 2010
Options	100,000	\$0.20	June 7, 2010
Options	350,000	\$0.20	July 8, 2010
Options	150,000	\$0.20	July 12, 2010
Options	50,000	\$0.20	October 28, 2010
Options	120,000	\$0.20	December 7, 2010
Options	855,000	\$0.20	March 23, 2011
Options	695,000	\$0.26	May 12, 2011
<b>Total</b>	<b>5,426,000</b>		

(c) Summary of warrants outstanding.

Security	Number	Exercise Price	Expiry Date
Warrants	3,160,227	\$0.30	Dec. 23, 2006
Warrants	1,075,000	\$0.30	March 8, 2007
Warrants	582,500	\$0.30	March 15, 2007
Warrants	7,777,778	\$0.22	April 29, 2007
Warrants	1,666,666	\$0.22	July 27, 2007
Warrants	2,044,961	\$0.26	Sept. 28, 2007
<b>Total</b>	<b>16,307,132</b>		

(d) There are no escrowed or pooled shares.

**Other Information**

The Company's web site address is [www.ggldiamond.com](http://www.ggldiamond.com). Other information relating to the Company may be found on SEDAR at [www.sedar.com](http://www.sedar.com).

**Forward Looking Statements**

This discussion includes certain statements that may be deemed "forward-looking statements." All statements in this discussion, other than statements of historical facts, that address future production, reserve potential, exploration drilling, exploration activities and events or developments that the Company expects, are forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, exploitation and exploration successes, continued availability of capital and financing, and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and that actual results or developments may differ materially from those projected in the forward-looking statements.

BY ORDER OF THE BOARD

*"Raymond A. Hrkac"*

\_\_\_\_\_  
Raymond A. Hrkac  
President and CEO

*"Nick DeMare"*

\_\_\_\_\_  
Nick DeMare  
Director and CFO



GGL DIAMOND CORP.

Exemption No. 82-1.

September 6, 2006

**PRESS RELEASE**

**New Gravity survey results at Bishop kimberlite.  
Further exploration recommended.**

Vancouver, British Columbia – Raymond. A. Hrkac, President and CEO of GGL Diamond Corp. (TSXV: GGL), is pleased to report that preliminary results from a ground gravity survey over the recently discovered diamondiferous Bishop kimberlite and adjoining area are promising and recommends that further exploration is warranted.

An expanded ground gravity survey has discovered a 400m x 200m embayment in the regional gravity trend. This area, which shows as a bay-shaped formation on the survey map, consists of a gravity low that contains the diamondiferous Bishop kimberlite. The discovery drill hole is at the extreme south edge of the gravity low suggesting the possibility of a much larger kimberlite north of the Bishop.

In July, GGL reported the recovery of diamonds from the Bishop kimberlite (*News Release, July 26, 2006*). The Bishop kimberlite was discovered during the spring 2006 drilling program on the Company's 100%-owned Courageous Property, located approximately 40 km south of the Ekati Diamond Mine, in Canada's Northwest Territories (*Target A085, News Release, June 12, 2006*).

In its petrographic analysis of the Bishop kimberlite, Mineral Services Canada Inc. confirmed several phases of kimberlite were intersected in Diamond Drill Hole 06 – 21, including magmatic kimberlite (MK) and fine-grained resedimented volcanoclastic kimberlite (RVK). Of particular interest was the discovery of rare small wood fragments within the RVK which, in combination with other features, indicates that this kimberlite formed by explosive eruption at surface. This suggests that the Bishop kimberlite formed by processes similar to those responsible for formation of the Ekati and Diavik kimberlites. The observed petrographic characteristics indicate that the kimberlite intersected to date has a low diamond potential but do not rule out the possibility of associated phases of higher-interest kimberlite.

The composition of Cr-diopside recovered from samples processed by Mineral Services suggests that the Bishop kimberlite has sampled well within the diamond stability field and that the kimberlite has intruded a portion of the Slave Craton that is comparable in heat flow at the time of eruption to areas such as Ekati and Diavik. This, in combination with the presence of G10 garnets in the resedimented volcanoclastic kimberlite suggests that the Bishop kimberlite has sampled some high-interest, potentially diamondiferous mantle. While the quantity of this high-interest material within the Bishop kimberlite intersected to date is very low and indicative of low diamond contents, Mineral Services recommends that additional drilling be considered in order to test for deeper, coarser-grained phases with higher diamond potential.

1/2





**GGL DIAMOND CORP.**

September 6, 2006

Results from other areas within the ground gravity survey on the Courageous Property have not yet been received. A dozen potential drill targets have been identified on the Courageous Property through the use of indicator minerals, soil surveys and geophysics.

This program is operated by GGL, under the supervision of Chris Hrkac in Yellowknife. Paul W. Richardson, P.Eng. is a consultant to GGL and is a qualified person as defined by National Instrument 43-101.

**GGL DIAMOND CORP.**

*"Raymond A. Hrkac"*

Raymond A. Hrkac  
President & CEO

For further information, please contact: Jim Glass, Ascenta Capital Partners Inc.  
Phone: (604) 628-5800 Toll Free: 1-866-684-4209 Email: [info@ascentacapital.com](mailto:info@ascentacapital.com)  
*For more information, please check our web site at [www.ggldiamond.com](http://www.ggldiamond.com).*

The TSX Venture Exchange has not reviewed and does not accept responsibility for the adequacy or accuracy of this release.

This news release contains certain statements that may be deemed "forward-looking statements". All statements in this release, other than statements of historical fact, that address exploitation activities and events or developments that the Company expects to occur, are forward looking statements. Forward looking statements are statements that are not historical facts and are generally, but not always, identified by the words "expects", "plans", "anticipates", "believes", "intends", "estimates", "projects", "potential" and similar expressions, or that events or conditions "will", "would", "may", "could", "should" or are "subject to" occur. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results may differ materially from those in the forward-looking statements. Factors that could cause the actual results to differ materially from those in forward-looking statements include market prices, exploitation and exploration successes, and continued availability of capital and financing, and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements. Forward-looking statements are based on the beliefs, estimates and opinions of the Company's management on the date the statements are made. The Company undertakes no obligation to update these forward-looking statements in the event that management's beliefs, estimates or opinions, or other factors, should change.

2/2



GGL DIAMOND CORP.

NOT FOR DISTRIBUTION TO US NEWSWIRE SERVICES OR FOR  
DISSEMINATION IN THE UNITED STATES

September 13, 2006

**PRESS RELEASE**

**GGL ANNOUNCES APPLICATION TO REPRICE WARRANTS**

**Vancouver, British Columbia -- Raymond A. Hrkac**, President and CEO of **GGL Diamond Corp. (GGL.TSX Venture)** announces that the Company is applying to the TSX Venture Exchange for its acceptance of the repricing of warrants to purchase a total of 3,160,227 common shares in the capital stock of the Company which expire on December 23, 2006 from \$0.30 per share to \$0.19 per share, being the market price of the Company's shares at the time of the announcement of the private placement on November 24, 2005. The warrants were issued on December 23, 2005 as part of a private placement and none have been exercised to date. Insiders hold less than 0.1% of these warrants. The repricing is subject to acceptance for filing by the TSX Venture Exchange.

This news release does not constitute an offer to sell or a solicitation of an offer to buy any of the securities in the United States. The securities have not been and will not be registered in the United States Securities Act of 1933, as amended (the "US Securities Act") or any state securities laws and may not be offered or sold within the United States or to US Persons unless registered under the US Securities Act and applicable securities laws or an exemption from such registration is available.

GGL DIAMOND CORP.

(signed) "*Raymond A. Hrkac*"  
President & CEO

For further information, please contact: Jim Glass, Ascenta Capital Partners Inc.  
Phone: (604) 628-5800 Toll Free: 1-866-684-4209 Email: [info@ascentacapital.com](mailto:info@ascentacapital.com)

For more information, please check our web site at [www.ggldiamond.com](http://www.ggldiamond.com).

The TSX Venture Exchange has not reviewed and does not accept responsibility for the adequacy or accuracy of this release.

This news release contains certain statements that may be deemed "forward-looking statements". All statements in this release, other than statements of historical fact, that address events or developments that the Company expects to occur, are forward looking statements. Forward looking statements are statements that are not historical facts and are generally, but not always, identified by the words "expects", "plans", "anticipates", "believes", "intends", "estimates", "projects", "potential" and similar expressions, or that events or conditions "will", "would", "may",

"could", "should" or are "subject to" occur. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results may differ materially from those in the forward-looking statements. Factors that could cause the actual results to differ materially from those in forward-looking statements include market prices, exploitation and exploration successes, and continued availability of capital and financing, and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements. Forward-looking statements are based on the beliefs, estimates and opinions of the Company's management on the date the statements are made. The Company undertakes no obligation to update these forward-looking statements in the event that management's beliefs, estimates or opinions, or other factors, should change.

**FORM 51-102F3  
Material Change Report**

**Item 1. Name and Address of Company**

GGL Diamond Corp. (the "Company")  
904 - 675 West Hastings Street  
Vancouver, BC V6B 1N2

**Item 2. Date of Material Change**

July 26, 2006

**Item 3. News Release**

The news release was issued on July 26, 2006 and disseminated through CCN Matthews.

**Item 4. Summary of Material Change**

The Company announced the recovery of diamonds from the Bishop Kimberlite on the Courageous Property

**Item 5. Full Description of Material Change**

The Company is pleased to report the recovery of diamonds from the Bishop Kimberlite (Target A085, New Release June 12, 2006). The Bishop kimberlite was discovered during the spring drilling program on the Company's 100% owned Courageous Property located approximately 40 kilometres south of the Ekati Diamond Mine, Northwest Territories.

The discovery of a diamondiferous kimberlite in this new area raises the possibility of the presence of a cluster of kimberlites as kimberlites seldom occur alone. In addition to the further exploration of the Bishop kimberlite detailed exploration is planned for the area.

Three angle holes were drilled into the A085 target, which consists of a magnetic high anomaly flanked by an electromagnetic anomaly on the west and a gravity low on the east. Three diamond drill holes were completed, one hole into each of the three geophysical anomalies. Drill hole CH-06-020 was drilled into the magnetic high and encountered a macrocrystic, magmatic (hypabyssal) kimberlite from 98.52m to 100.5m within a six metre zone of alteration, most likely a dyke intrusion. Drill hole CH-06-021 was drilled to test the gravity low and intersected kimberlite between 76.64m and 119.45m, a total of approximately 43m (approximate true width of 38m). In contrast to the intersection in CH-06-020, the kimberlite in CH-06-021 is variable. It comprises an upper interval of

approximately 4m of highly weathered, partially disaggregated kimberlite, followed by approximately 4m of magmatic kimberlite, and a lower section of fine-grained, variably-weathered kimberlite. Based on macroscopic examination, this material is interpreted to be volcanoclastic in origin. Only this lower section contained sufficient kimberlite for microdiamond analyses. Drill hole CH-06-022 was drilled to test the EM anomaly, three narrow fine-grained porphyritic intrusions were intersected and require classification by petrographic analysis.

Mineral Services Canada Inc. has been engaged to conduct a petrographic study of the kimberlites encountered and indicator mineral analysis to further evaluate the diamond potential of the kimberlites.

Ten samples of probable volcanoclastic kimberlite from drill hole CH-06-021, weighing a total of 78.2 kilograms, were submitted to Saskatchewan Research Council for diamond recovery by caustic fusion. Six of the ten samples contained one or more microdiamonds for a total recovery of 11 diamonds with the largest diamond recovered on the 0.212 mm bottom sieve, it is a colorless, clear octahedron. The detailed results are shown below.

Interval (m)		Weight (kg)	Bottom Sieve Size (mm)			Total Diamonds
From	To		0.75	0.106	0.212	
76.6	80.3	8.5	2	0	0	2
84.5	87.0	8.1	1	1	1	3
87.0	89.6	8.0	2	0	0	2
89.6	92.6	8.1	2	0	0	2
92.6	95.1	8.0	0	0	0	0
95.1	97.8	8.0	0	1	0	1
97.8	100.6	8.0	1	0	0	1
100.6	104.7	8.0	0	0	0	0
104.7	108.2	8.0	0	0	0	0
108.2	110.6	5.5	0	0	0	0
<b>TOTALS</b>		<b>78.2</b>	<b>8</b>	<b>2</b>	<b>1</b>	<b>11</b>

The Courageous Property is part of the extensive CH Project area exploration and claim acquisition program that started in the winter of 2000. To date the Company has incurred approximately \$6 million to CH-area exploration consisting primarily of sampling, geophysical surveys and data interpretation, all with the objective of identifying kimberlite targets. Three kimberlites; Rainer, Adams and Shasta, located 20km north of the Bishop kimberlite were discovered in 2001 as part of this exploration campaign.

The CH claim groups, 100%-owned by the Company, include, MacKay, Courageous, G Claims, Seahorse, Shoe, Starfish, Zip, Winter Lake North and Winter Lake South, totaling over 300,000 acres. Each of the claim groups contains kimberlite indicator minerals from the diamond stability field. Drill targets have been defined and new areas need additional detailed sampling and/or ground geophysical surveys.

This program is operated by GGL, under the supervision of Chris Hrkac in Yellowknife and Torrie Chartier, M.Sc., P.Geo., a consultant to GGL and a qualified person as defined by National Instrument 43-101.

**Item 6. Reliance on subsection 7.1(2) or (3) of National Instrument 51-102**

N/A

**Item 7. Omitted Information**

N/A

**Item 8. Senior Officer**

Mr. Raymond Hrkac  
Telephone No.: (604) 688-0546

**Item 9. Date of Report**

July 31, 2006

**AMENDED**  
**Form 45-106F1**  
***Report of Exempt Distribution***

This is the form required under section 6.1 of National Instrument 45-106 for a report of exempt distribution.

**Issuer information**

**Item 1:** State the full name of the issuer of the security distributed and the address and telephone number of its head office. If the issuer of the security distributed is an investment fund, state the name of the fund as the issuer, and provide the full name of the manager of the investment fund and the address and telephone number of the head office of the manager. Include the former name of the issuer if its name has changed since last report.

**GGL Diamond Corp.**  
**904 - 675 West Hastings Street**  
**Vancouver, B.C. V6B 1N2**  
**604-688-0546**

**Item 2:** State whether the issuer is or is not a reporting issuer and, if reporting, each of the jurisdictions in which it is reporting.

**The Issuer is a reporting issuer in the Provinces of British Columbia and Alberta.**

**Item 3:** Indicate the industry of the issuer by checking the appropriate box next to one of the industries listed below.

☐ Bio-tech

Financial Services

☐ investment companies and funds

☐ mortgage investment companies

☐ Forestry

☐ Hi-tech

☐ Industrial

Mining

☒ exploration/development

☐ production

☐ Oil and gas

☐ Real estate

☐ Utilities

☐ Other (describe)

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## **Details of distribution**

**Item 4:** Complete Schedule I to this report. Schedule I is designed to assist in completing the remainder of this report.

**Item 5:** State the distribution date. If the report is being filed for securities distributed on more than one distribution date, state all distribution dates.

**December 23, 2005**

**Amended: September 15, 2006**

**Item 6:** For each security distributed:

- (a) describe the type of security,

**Units, each Unit consisting of one Common share in the capital of the Issuer and one non-transferable Common share purchase warrant entitling the holder to purchase one common share.**

### **Flow-Through Shares**

- (b) state the total number of securities distributed. If the security is convertible or exchangeable, describe the type of underlying security, the terms of exercise or conversion and any expiry date; and

**3,160,227 Units. The warrants are exercisable for one year from the closing date at a price of \$0.30 per share (Amended to \$0.19 per share effective September 15, 2006)**

**910,571 Flow-Through Shares**

- (c) state the exemption(s) relied on.

**Sections 2.3 and 2.5 of National Instrument 45-106; BCI 72-503.**



**Item 7:** Complete the following table for each Canadian and foreign jurisdiction where purchasers of the securities reside. Do not include in this table, securities issued as payment for commissions or finder's fees disclosed under item 8, below.

Each jurisdiction where purchasers reside	Number of purchasers	Price per security (Canadian \$) <sup>1</sup>	Total dollar value raised from purchasers in the jurisdiction (Canadian \$)
<b>British Columbia</b>	<b>4</b>	<b>\$0.28</b>	<b>\$133,999.88</b>
	<b>5</b>	<b>\$0.22</b>	<b>63,250</b>
<b>Manitoba</b>	<b>2</b>	<b>\$0.28</b>	<b>100,800</b>
<b>Quebec</b>	<b>1</b>	<b>\$0.28</b>	<b>20,160</b>
<b>Arizona, USA</b>	<b>1</b>	<b>\$0.22</b>	<b>132,000</b>
<b>Alkhobar, Saudi Arabia</b>	<b>1</b>	<b>\$0.22</b>	<b>499,999.94</b>
<b>Total number of Purchasers</b>	<b>14</b>		
<b>Total dollar value of distribution in all jurisdictions (Canadian \$)</b>			<b>950,209.82</b>

**Note 1:** If securities are issued at different prices list the highest and lowest price the securities were sold for.

#### **Commissions and finder's fees**

**Item 4:** Complete the following table by providing information for each person who has received or will receive compensation in connection with the distribution(s). Compensation includes commissions, discounts or other fees or payments of a similar nature. Do not include payments for services incidental to the distribution, such as clerical, printing, legal or accounting services.

If the securities being issued as compensation are or include convertible securities, such as warrants or options, please add a footnote describing the terms of the convertible securities, including the term and exercise price. Do not include the exercise price of any convertible security in the total dollar value of the compensation unless the securities have been converted.

Full name and address of the person being compensated	Compensation paid or to be paid (cash and/or securities)				
	Cash (Canadian \$)	Securities			Total dollar value of compensation (Canadian \$)
		Number and type of securities issued	Price per security	Exemption relied on and date of distribution	
<b>Safa Capital Holdings Limited, Citco Building, Wickhams Cay, P.O. Box 662, Road Town, Tortola, British Virgin Islands</b>	<b>\$40,000</b>	<b>N/A</b>			<b>\$40,000</b>

**Item 5:** If a distribution is made in Ontario, please include the attached "Authorization of Indirect Collection of Personal Information for Distributions in Ontario". The "Authorization of Indirect Collection of Personal Information for Distributions in Ontario" is only required to be filed with the Ontario Securities Commission.

#### **Certificate**

On behalf of the issuer, I certify that the statements made in this report are true.

Date: **September 18, 2006**

#### **GGL Diamond Corp.**

Name of issuer (please print)

**Raymond A. Hrkac, President & CEO (604) 688-0546**

Print name, title and telephone number of person signing

\_\_\_\_\_  
Signature

**Item 6:** State the name, title and telephone number of the person who may be contacted with respect to any questions regarding the contents of this report, if different than the person signing the certificate.

**Donna L. Ornstein**  
**Legal Assistant**  
**Davis & Company LLP**  
**Solicitors for the Issuer**  
**604-643-6478**

**IT IS AN OFFENCE TO MAKE A MISREPRESENTATION IN THIS REPORT.**

**Notice - Collection and use of personal information**

The personal information required under this form is collected on behalf of and used by the securities regulatory authorities or, where applicable, the regulators under the authority granted in securities legislation for the purposes of the administration and enforcement of the securities legislation.

If you have any questions about the collection and use of this information, contact the securities regulatory authority or, where applicable, the regulator in the jurisdiction(s) where the form is filed, at the address(es) listed at the end of this report.